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C O N F I D E N T I A L SECTION 01 OF 02 MOSCOW 002416

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TAGS: [PREL](#) [PGOV](#) [PHUM](#) [PINR](#) [ECON](#) [EFIN](#) [RS](#)  
SUBJECT: "RUSSIA, FORWARD!" 10 DAYS LATER: TANDEM  
FUNCTIONING, BUT MEDVEDEV WEAKER

REF: MOSCOW 2354

Classified By: Ambassador John R. Beyrle; reasons 1.4(b/d).

¶1. (C) Summary: Debate over President Medvedev's "Russia, Forward!" article continues unabated, though focus has turned from content and prospects for realizing his vision to consequences for the tandem. Medvedev's defense of his presidential authority in interviews with foreign correspondents - distributed, but not widely in Russia - has some sharks smelling blood, and arguing that Medvedev needs to take serious steps to make good on his own call for reforms. Medvedev insiders are now focusing on personnel changes, noting that opportunities exist in the near term to make several gubernatorial appointments or to shake up the sub-ministerial level bureaucracy in Moscow. Criticism of Putin from former President Gorbachev and concerns about a stagnant economy have fueled doubts about more years of Putin rule. The PM recently projected a public aura of confidence with a commanding performance before foreign investors in Sochi. This accentuated the contrast between Medvedev's articulated version of the future and Putin's actions to promote the status quo. End Summary.

Doth the President Protest too Much?

¶2. (C) Discussion of President Medvedev's Internet-posted article "Russia, Forward!" has continued without interruption since it was posted 10 days ago. Initially political observers analyzed words and subsequent statements from Medvedev and Prime Minister Putin looking for possible divisions in their tandem relationship. Now the article is seen as an indicator of Medvedev's failure to connect with average Russians in the way that Putin does. Institute for Contemporary Development (INSOR) analyst Yevgeniy Gontmakher has been arguing far and wide that Medvedev needs to take immediate action to prevent further erosion of trust and confidence on the part of liberal elites. INSOR President Igor Yurgens commented privately to several Valdai Club participants that Medvedev's failure to realize any significant political or economic reform risked precipitating an outright political clash between frustrated liberals and confident conservatives (allied with Putin). Privately he has gone as far as to suggest that the tandem is splitting as Putin outshines Medvedev.

¶3. (C) International Institute for Political Expertise, Yevgeniy Minchenko, who has close connections to Presidential Administration (PA) staffers, including Presidential Economics Advisor Arkadiy Dvorkovich, downplayed any potential differences between Putin and Medvedev, arguing that they continue to function well together. Medvedev's summer time comments on the technological backwardness of Russia (after the Sayano-Shushenskaya dam disaster) and his

"Russia Forward" article are neither attacks on Putin nor attempts to grab some of his issues. Rather, argued Minchenko, they are manifestations of friction between Putin and Medvedev staff members, in particular between First DPM Shuvalov and Dvorkovich, who has reportedly indicated his readiness to leave the Kremlin to replace Shuvalov at the White House.

14. (C) Minchenko said he had counseled Kremlin contacts that the article was a mistake, just as was Medvedev's video letter blasting Ukrainian President Yushchenko. He blamed "weak, faltering" staff around Medvedev for pushing him into releasing a piece that, most generously, can be said to contain interesting ideas, but which in reality demonstrates his inability or unwillingness to take decisive action. Medvedev should have dismissed corrupt bureaucrats or used the "power of the ukaz" to take steps to convince citizens he is serious about combating the ills he enumerated. In the absence of that action, the unfortunate conclusion that many observers have come to is that Medvedev either lacks the cover or the bureaucratic finesse to act.

15. (C) That said, Minchenko was not ready to completely write off Medvedev, but was extremely critical of his staff. He noted the opportunities that Medvedev and his advisors have squandered - on European security (he dismissed Medvedev's Yaroslavl speech on this topic as "nothing new"), on energy and on cooperation with Russia's neighbors - ones that could have given him a platform on which to play to his strength of working well with foreign leaders. The clearest indicator of Medvedev's ability to maintain his waning credibility would

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not be steps to implement ideas contained in his "Russia Forward" speech, but whether advisers like Dvorkovich get pulled to the White House or whether Putin-appointed governors, including long-time Sverdlovsk Oblast Governor Eduard Rossel, whose terms are up for renewal this fall, are re-appointed.

16. (C) Alexey Sitnikov, Vice Rector of the New Economic School, told us September 18 that it is too early to judge whether Medvedev wants to make a break with the system or not. In Russia, to be a "real leader," one has to do something nasty. For liberals at this point, that could include firing Luzhkov, sacking some deputy ministers (which would put him potentially into conflict with Putin) or releasing Khodorkovskiy (with all of the consequence that would entail for the tandem and for Putin loyalists). Only something of this nature will demonstrate that the dynamics of elite configuration are changing. Russians, especially elites, want to serve one master. The tandem is making it difficult for elites who must be constantly assessing how to serve the interests of their two masters.

And in the House of Putin...?  
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17. (C) All of this comes against the backdrop of tensions within Putin's camp, including the Prime Minister's displeasure with some of his financial advisors. According to Minchenko, Putin is reluctant to fire anyone because he does not have "reserve players he can comfortably bring into the game right now." While Putin is riding high in polls reflecting the public's confidence in his leadership and actions, his cockiness has rubbed some the wrong way. Former President Gorbachev's September 19 criticism of Putin's Yaroslavl comments that he and Medvedev would decide between themselves who would be the stronger candidate to stand for the presidency in 2012 has caught the attention of many. While it may have little resonance outside the urban elites groups to whom Medvedev has been appealing, it slowed the Putin 2012 bandwagon at least a bit. United Russia insider Andrey Silantiev told us that Putin's focus between the October 11 regional elections and the November party congress will be on strengthening his White House, regional and party

teams, using Kremlin missteps to reinforce the message that he is the keystone to political stability.

18. (C) In addition, some Medvedev moves, including orders to Prosecutor General Chayka to conduct an audit of state corporations and report back to him before November 10, loom potentially as an opportunity for the President to demonstrate how willing he is to take on vested interests in his fight against corruption, including against Putin allies. Mercator Group President Dmitriy Oreshkin told us that for him, like many who are waiting for more evidence that Medvedev is prepared to carry through on his promises, this will be a test for the President and for the tandem, one that, in the view of some commentators, seems to have been met in the just-published article, but which will need to be followed up by action if it is to change public perceptions.

Comment  
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19. (C) While tensions between the Putin and Medvedev camps maintain their steady state, the tandem appears to be holding together. Critically, there continues to be no public sign of friction between the two personally. In spite of the more spectacular steps that some suggest Medvedev might take to act on his ideas, we see more likely the possibility of personnel changes (gubernatorial appointments, moves from the Kremlin to the White House, or new faces in the Kremlin) to gauge whether Medvedev will be in a position to possibly move forward with his agenda. United Russia continues to be accurately perceived as a coalition of entrenched careerists and businesspeople, although Medvedev and Putin appear firewalled from popular discontent. Still, popular attitudes that the Kremlin and White House are so carefully tracking through polling (and shaping through loyalists in regions and the media) are already changing, fueled by longer-term concerns about education, health care and the lack of economic diversity. While these show the appeal of Medvedev's ideas, his inability to bring them to life is reinforces his dependence on Putin at a time when he needs to show results if he is to remain politically relevant.  
Beyrle